

On Tape, Nixon Outlines 1971 'Deal' to Settle

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For investigators of the Watergate scandals in the 1970s, one of the most frustrating episodes was the case involving an antitrust settlement with the International Telephone & Telegraph Co. and ITT's pledge of up to \$400,000 to finance the 1972 Republican National Convention.

At the outset, it looked like a potential case of bribery in high places, but the inquiries foundered on a thicket of conflicting testimony and uncertain evidence. When the House impeachment committee moved against President Richard M. Nixon in 1974, the ITT case was cited only tangentially.

It might have been given more prominent billing if an Oval Office conversation on May 13, 1971, recently made public by the National Archives, had come to light. Confiding in his top aides, H.R. Haldeman and John D. Ehrlichman, Nixon said that "a deal" had just been cut with ITT to settle the Justice Department's antitrust case against the huge conglomerate.

"Kleindienst has the ITT thing settled," Nixon declared, referring to deputy attorney general Richard G. Kleindienst. "He cut a deal with ITT. We give them Hartford,

which they badly need, and they give us Grinnell and one other merger which they don't need and which they're kind of sorry they got into, apparently."

Kleindienst was the man in charge of the dispute because Attorney General John N. Mitchell had disqualified himself. At stake were ITT's acquisitions of the Hartford Fire Insurance Co., the Grinnell Corp., and the Canteen Corp., the latest and among the largest of a series of purchases ITT had made since 1963.

Haldeman perked up at Nixon's remarks, particularly the reference to ITT's distaste for some of the acquisitions it was fighting in the courts to keep.

"We saved them," Haldeman exclaimed. "Because they didn't want—"

Nixon cut him off. "Now this is very very hush hush and it has to be engineered very delicately and it'll take six months to do properly," the president said. "But—"

This time Haldeman interrupted: "Does ITT have any money?"

"Geneen?" Nixon responded, referring to ITT president Harold S. Geneen.

"Geneen, yes," Haldeman said.

"Oh God yes," Nixon said. "Does he ever! That's part of this ballgame. . . . But it should be later. It should not be right now."

Ehrlichman picked up Nixon's message. "Ho-o-old on," Ehrlichman said in drawn-out tones, evidently directed at Haldeman.

"As a matter of fact," Nixon said, "we should use the go-between that Kleindienst is using, who's a member of Geneen's board."

"Have Kalmbach talk to him," Ehrlichman suggested, referring to Herbert W. Kalmbach, Nixon's personal lawyer, who was subsequently convicted on unrelated criminal charges involving his role as Nixon's back-stage fund-raiser. "But no, nothing done until the deal is over."

Nixon did not name the "go-between" from ITT's board, but he appears to have been referring to New York financier Felix G. Rohatyn, who had met with Kleindienst three days earlier, and twice the month before, over ITT's concerns about the antitrust case. In Senate testimony in 1972, Rohatyn defended the settlement—which was finally announced July 31, 1971—as "extremely harsh" on ITT and concluded only "after protracted and difficult negotiations."

As for the pledge by ITT Sheraton for the 1972 GOP convention, Rohatyn testified that he never knew of it "until December 1971, when I read about it in the public press."

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Rohatyn said yesterday that he never met or spoke with Kalmbach. In any case, Rohatyn said he would have been an unlikely go-between for any arrangement between ITT and the Republicans, because he was an "active Democrat" and a prominent supporter of Maine Sen. Edmund S. Muskie's Democratic presidential ambitions.

Of Nixon's remarks, Rohatyn said: "Maybe that's what he believed. Maybe that's what he knew from other sources." But the financier said he knew of no agreement linking the antitrust settlement "to any other consideration." He said Geneen assured him there was "no quid pro quo" and, Rohatyn said, "I still to this day don't believe that there was."

Nixon's warning about not approaching ITT for money "right now" poses another puzzle. The night before, on May 12, 1971, then-Rep. Bob Wilson (R-Calif.) asked Geneen for financial support to bring the GOP convention to San Diego, where ITT Sheraton was building a hotel. Wilson announced June 3, 1971, that the city had a pledge of \$400,000 from "San Diego interests," which were not further identified until the next month. Was Nixon unaware on May 13 of this approach to Geneen? Or was he thinking of asking ITT to ante up again?

Kleindienst, now living in Prescott, Ariz.,

scuffed at Nixon's remarks and noted that Nixon had angrily ordered him in April 1971 to drop a Justice Department appeal of unfavorable lower court rulings in the ITT case. Kleindienst said he merely ratified the ITT settlement that was reached by the assistant attorney general in charge of the Antitrust Division, the late Richard McLaren.

"The deal was cut by McLaren," Kleindienst said in a telephone interview. "It was the most onerous antitrust settlement in history." He said he wasn't even aware of the agreement until McLaren told him about it. Kleindienst said he might then have told Mitchell, who could have told Nixon. He said that if there was an White House plan to extract a payoff for the settlement, it was without his knowledge.

"The whole thing is meaningless to me unless Nixon was being loose with the facts about the McLaren settlement," Kleindienst said of the 1971 tape.

Erstwhile Watergate investigators were not so dismissive. "It seems like a clear case where they were going to charge for the services of the Justice Department," said Samuel Dash, former chief counsel for the Senate Watergate committee. "They were charging for everything else."